

THE TOBACCO INSTITUTE

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JACK MILLS
Senior Vice President-
Federal Activities

FP FYI

October 15, 1981

To : Executive Committee
Committee of Counsel

From: Jack Mills

The attached anti-tobacco propaganda hit the Hill this week. I want especially to call your attention to the American Cancer Society letter signed by a North Carolinian, R. Wayne Rundles.

Enclosure

18899-00291443

TI04450120

AMERICAN CANCER SOCIETY, INC.

WASHINGTON REPRESENTATIVES

1875 Connecticut Avenue, Suite 1018

Washington, D. C. 20009

(202) 387-3584

(202) 332-7700

17 September 1981

Re: Petri Tobacco Deregulation Amendment to 1981 Farm Bill

Dear Congressman:

Tobacco acreage allotments and price supports should be eliminated.

I wrote that to the President on April 19, 1978, and stand by that statement today, as I am sure the American Cancer Society does, for it has reiterated its policy on this at several Board of Directors meetings.

At that time the deaths from cigarette smoking in the United States were an estimated 250,000 per year, or one United States death every two minutes.

The economic toll from illness and death related to tobacco, was then estimated at \$18 billion yearly.

"Because of the huge economic toll, the American Cancer Society is convinced," I wrote, "that a way must be found to eliminate this tragic loss of life ... At the same time protection against injurious economic loss should be afforded the tobacco farmer."

The time has come for Congressional action. A tobacco industry publication* said recently, "The benefits of the support program appear to be migrating largely into the bank accounts of the nonproducing quota owners, with you, the actual producer, profiting at approximately the same level you could be expected to without any program at all."

If this is true, the action signal is clear.

Cordially,

R. Wayne Rundles

R. Wayne Rundles, M.D., Ph.D.

Durham, North Carolina

Past President

American Cancer Society

Professor of Medicine

Duke University School of Medicine

Member of Congress
United States House of Representatives
Washington, D.C. 20515

*The Cured Tobacco Farmer

TI04450121

NATIONAL TAXPAYERS UNION

A NONPARTISAN, NONPROFIT ORGANIZATION DEDICATED TO THE PUBLIC INTEREST

325 PENNSYLVANIA AVENUE, SOUTHEAST

WASHINGTON, DISTRICT OF COLUMBIA 20003

TELEPHONE: AREA CODE (202) 543-1300

James D. Davidson
Chairman

George E. Snyder
President

September 29, 1981

Dear Congressman,

OCT 13 1981

The National Taxpayers Union urges you to support the Tobacco Deregulation Amendment to the 1981 Farm Bill, H.R. 3603, which will soon be considered by the House of Representatives.

This amendment, proposed by Congressman Thomas Petri, would completely deregulate the growing of tobacco and allow all Americans to grow and sell tobacco freely.

The heart of the amendment will be to repeal tobacco price supports and the feudalistic allotment system under which absentee allotment holders can reap windfall political capital rents of \$1,000 per acre.

The current government tobacco program is a good example of many of the inherent harms of regulation. The price support program has caused domestic tobacco to be twice as costly as tobacco on the world market. As a result our tobacco exports have gone down over 50% in the last 15 years while imports have soared over 300% in the same period. Because of the program the government recently reported a tobacco surplus of about \$1 billion.

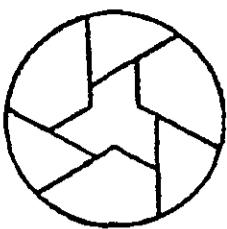
Surely tobacco is a very low priority area for spending the dollars of our nation's taxpayers. We therefore urge you to vote for the Tobacco Deregulation Amendment as a classic free enterprise, pro-taxpayer and anti-waste vote.

Sincerely,



David Keating
Director of Legislative Policy

DK/dg



AMERICAN PUBLIC HEALTH ASSOCIATION

1015 Fifteenth Street, N.W., Washington, D.C. 20005 • (202) 789-5600

September 24, 1981

OCT 13 1981

Dear Member of Congress:

The American Public Health Association supports H.R. 3998, the Tobacco Deregulation Act of 1981, introduced by Representative Thomas Petri, and the similar tobacco deregulation amendment which will be offered as an amendment to the Omnibus Farm Bill in the next few days.

APHA recognizes the health hazards associated with smoking and has over the years participated in efforts to discourage and eliminate smoking. Internally, the Association accepts no tobacco advertising in its publications, holds no investments in firms which have a major interest in tobacco products, and allows no smoking at any of its meetings or public functions.

In light of the overwhelming evidence of the harmful effects of smoking, we see no justification to continue federal subsidies to the tobacco industry. A federal policy which supports tobacco subsidies while other government agencies must establish programs to deal with the adverse health effects of smoking is not only inconsistent, but also difficult to justify in a time when most federal programs are being cut and many others eliminated. We would encourage, however, federal assistance to tobacco growers to help them change to another crop.

We urge you to support this important legislation and vote for the tobacco deregulation amendment.

Thank you for your concern.

Very truly yours,

William McBeath

William H. McBeath, MD, MPH
Executive Director

WHM:ams

109th APHA ANNUAL MEETING—LOS ANGELES, NOVEMBER 1-5, 1981

TI04450123

Office of Government Relations
Robert G. Weymueller, Director
1629 K Street N.W. • Suite 401
Washington, D.C. 20006
(202) 659-4940



September 21, 1981

OCT 13 1981

FOR IMMEDIATE ATTENTION
RE: 1981 FARM BILL

Dear Congressman:

The American Lung Association urges you to support the tobacco deregulation amendment that is being offered in the next few days by Representative Petri to the 1981 Farm Bill. This amendment which would effectively remove federal participation in tobacco support activities is also in bill form, H.R.3998 -- the Tobacco Deregulation Act of 1981.

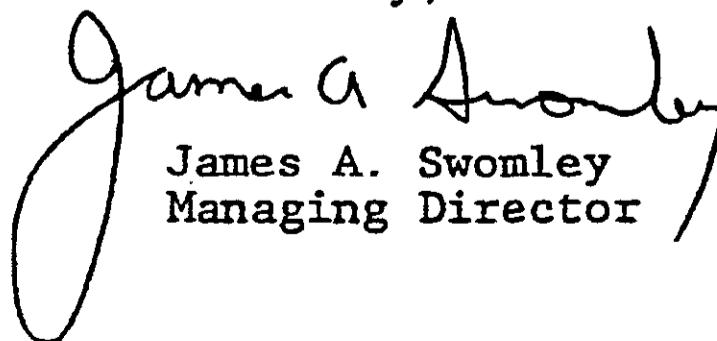
Our voluntary health association, which represents citizens concerned with the prevention of lung disease, believes that the action proposed by Representative Petri is long overdue. In May, the ALA Board of Directors unanimously reaffirmed its long-standing opposition to continuation of the federal subsidy for tobacco. The Board stated that there should be no tax subsidy for any phase of the tobacco industry and that it is totally inconsistent for one government agency to support the growth and manufacture of tobacco while other government agencies or programs pay for the deleterious health effects sustained by the smoker. While there may be justification for a gradual phaseout and assistance toward a change in crops grown by the tobacco farmer, federal government expenditures should be directed toward curtailing rather than maintaining the growth and production of tobacco.

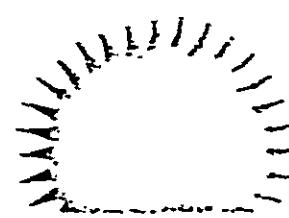
Volunteers from all walks of life have written to ask why tobacco subsidies continue to enjoy immunity when other federal programs are being cut. They also want to know why federal excise taxes for cigarettes have not been raised since 1951 despite acute need for additional tax revenues.

The House can provide a positive answer to these questions by adopting the Petri Amendment.

Thank you for your interest.

Sincerely,


James A. Swomley
Managing Director



Council for a Competitive Economy

410 First Street, S.E. • Washington, D.C. 20003 • (202) 544-3786

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OCT 13 1981

Dear Congressman:

The Council for a Competitive Economy supports passage of the TOBACCO DEREGULATION AMENDMENT which will be offered during debate on the 1981 Farm Bill scheduled to come to the House floor in October.

The current government tobacco program restricts the number of acres which can be planted in tobacco and also provides for a price support scheme, using tax dollars to buy up any tobacco not sold in commercial markets.

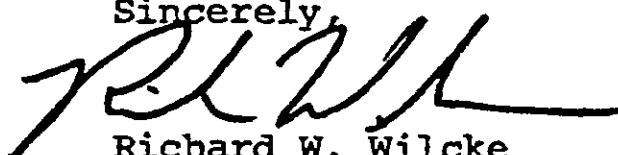
The restrictions on production, through an allocation system, create very inflated monopoly rents. While a free acre of land for corn or soybean may cost the farmers on the average \$60, the rent for a tobacco allotment acre is about \$1,000! With 1 million acres of tobacco in production, the excess cost to the industry of this government franchise is about \$900 million a year.

The loan price support system is also wreaking havoc with the tobacco industry. The current price support level is about twice as high as the world market. Because of this government intervention, \$1 billion of tobacco surpluses, financed by tax dollars, is accumulating in warehouses. Recently, tobacco groups called for imposition of a quota on the rapidly increasing quantity of less expensive imported tobacco. The ITC eventually recommended no quota be imposed.

All of these problems now being experienced by the tobacco industry could be resolved by a free market, as the amendment would provide for. The cost of production would be cut by one-third, exports would increase and imports would decrease. The government would no longer have to finance large surpluses and a savings of about \$100 million would result.

The Council urges your support for the TOBACCO DEREGULATION AMENDMENT.

Sincerely,

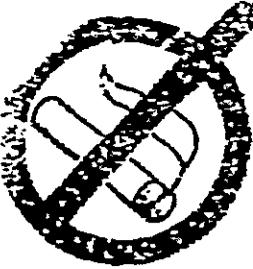


Richard W. Wilcke
President

RWW/sel

Publisher of **Competition**

TI04450125



ACTION ON SMOKING AND HEALTH

2013 H St., N.W. • Washington D.C. 20006 • (202) 659-431

September 22, 1981

OCT 13 1981

Honorable Thomas E. Petri
United States House of Representatives
Washington, D. C. 20515

Dear Congressman Petri:

RE: H. R. 3998 The Tobacco Deregulation Act of 1981

You have asked us to give you our opinion on the Tobacco Deregulation Act of 1981. As the only national organization solely concerned with the problem of smoking, we are very happy to comply.

Action on Smoking and Health (ASH) strongly supports the Tobacco Deregulation Act of 1981 for several reasons:

1. Our organization and its many supporters have long felt that it is highly inappropriate, and perhaps even immoral, for the United States Government to subsidize an industry which annually kills over 320,000 Americans and cripples millions more.

2. The majority of American tax payers are nonsmokers and strongly object to the use of their tax dollars to support this industry. Indeed, many feel as strongly about being forced through the tax system to support the death and disability caused by smoking as many "right to life" believers feel about being forced through their tax dollars to support abortion!

3. At a time when economic conditions appear to demand stringent budget cuts, and the American public has been assured that there will be no favorites and that everyone must tighten his or her belt, the tobacco industry will receive over \$30 million and will emerge with its support programs virtually untouched.

4. It is a shocking distortion of priorities for the Federal Government to continue spending tens of millions of dollars supporting smoking when it has reduced the Office on Smoking and Health to a budget of less than one million dollars, and where a vote on the Senate side reportedly would eliminate it entirely.

5. Efforts to continue supporting the tobacco industry while at the same time cutting funding for antismoking research and education is penny wise and pound foolish and ignores the stark economic realities. In addition to the hundreds of thousands of deaths and human suffering it causes, smoking also costs the American public approximately \$50 billion each year, including huge added costs for medicare, medicaid, social security, veterans' benefits, etc.

6. Amid the current spirit of a return to the free enterprise system, deregulation and getting the government off people's backs, it appears to be highly inappropriate to continue a system of federal intervention in this market area. If there ever was an area which should be free of governmental intervention to have its fate determined by the forces of supply and demand, tobacco and smoking is just such an area.

For all of these reasons, Action on Smoking and Health strongly supports the Tobacco Deregulation Act of 1981, and any other efforts aimed at getting the Federal Government out of the tobacco business.

Yours truly,

John F. Bacharach, III
Executive Director

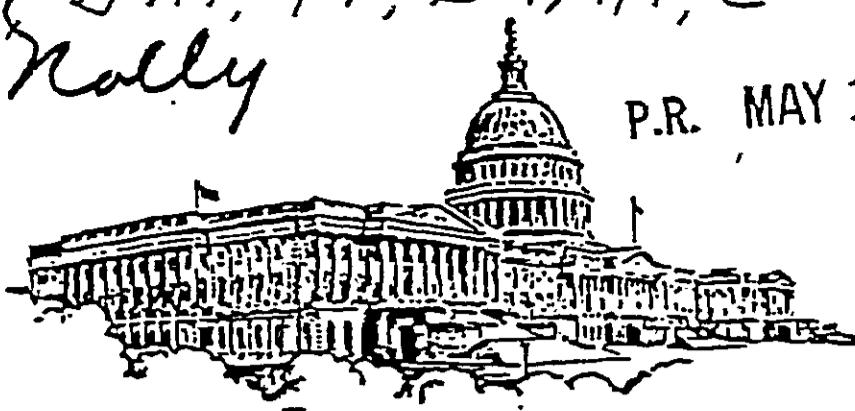
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P.R. MAY 13 1981

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COMMITTEE ON BROADCASTING

Congress of the United States
House of Representatives
Washington, D.C. 20515

May 12, 1981

Dear Tobacco Friend:

Because of your interest I am contacting you concerning the importation of foreign scrap tobacco into this country, particularly how this is affecting the market for domestic flue cured tobacco.

Former President Carter asked the International Trade Commission (I.T.C.) to investigate this matter, and the U.S. Department of Agriculture (U.S.D.A.) proceeded to gather the facts to support the petition for limiting imports of foreign scrap tobacco.

The I.T.C. Section 22 investigation was initiated on behalf of numerous growers seeking relief, and on behalf of the Tobacco State Farm Bureaus in North Carolina, South Carolina, Georgia, and Kentucky. The hearing on this petition is currently scheduled for June 24, 1981.

It is my feeling that the I.T.C. Section 22 investigation is the best way we have to deal with the influx of scrap tobacco into the U.S. In the past I have supported tariff changes, but because of a loophole in our tariff laws, called "drawback," it makes virtually no difference as to the amount of tariff we charge on imported tobacco. In addition, the Administration has informed me that they are unable to close this loophole in our tariff regulations.

The loophole or "drawback" allows foreign tobacco to enter this country virtually duty free (only 1% of the tariff on foreign tobacco is actually paid), so it is always possible to bring imported tobacco into this country at substantial savings.

Without a limit on the amount of foreign tobacco entering this country, we will continue to be plagued by foreign imports. There is clearly a direct relationship between the scrap tobacco imports and the increase in low stalk stocks in stabilization.

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